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VIA E-MAIL AND COURIER

October 1, 2003

Alberta Energy and Utilities Board
640 – 5th Avenue S.W.
Calgary, Alberta
T2P 3G4

Attention: Mr. Ken Schuldhaus, P.Eng., Resources Applications

Dear Sir:

**Re: Application to Delay Production of Pressure Data as Required by GB
2003-28, Section 4**

Petro-Canada is in receipt of the letter dated September 26, 2003 from the Energy and Utilities Board (the "Board") requesting comments concerning the application by Paramount Energy Trust ("Paramount"), EnCana Corporation ("EnCana"), Devon Canada Corporation ("Devon") and BP Energy Company ("BP") (collectively the "Gas Producers") to vary the requirement in Appendix II of GB 2003-28 relating to pressure data requirements. Specifically the request is made by the Gas Producers to delay the gathering and submission of pressure data from the November 1, 2003 deadline until March 1, 2004 and to eliminate reporting with respect to shut-in wells.

In the absence of compelling information Petro-Canada opposes such a variation on the following grounds:

1. The Delay Adversely Impacts the Regional Geological Study – It is our understanding that the pressure data requested in GB 2003-28 was intended to support the Regional Geological Study. This study is a prerequisite to the commencement of Phase 3 of the Board's Bitumen Conservation Plan (EUB GB 2003-28, page 3). Phase 3 will address the final status of all gas production. A delay in the pressure reporting will therefore either impact the accuracy of the Regional Geological Study or delay the finalization of the Board's decision in Phase 3. This is contrary to the need to provide certainty regarding bitumen and gas operations in the area as soon as practical. Many parties are waiting the finalized Regional Geological Study in order to make production and investment decisions within and outside of the area impacted by GB 2003-28. Further delay in relation to this work increases uncertainty in

relation to activities throughout the Athabasca oil sands region. It is important to complete the work and finalize Phase 3 as soon as possible. Further delay also results in continued gas production which could potentially put bitumen conservation and recovery at risk.

It goes without saying that further delay also results in continued gas production which could potentially put bitumen conservation and recovery at risk.

2. Delaying All Pressure Reporting is Unreasonable - The request to delay all of the pressure work is inappropriate. The Gas Producers have been generally aware of the Board's position with respect to gas and bitumen problems and the need for pressure information in this specific area since April, 2003 (GB 2003-12 – April 3, 2003, GB 2003-16, June 3, 2003, Consultation Meeting July 3-5, 2003). The decision in GB 2003-28 was released on July 22, 2003. Since that time the parties subject to the requirement in GB 2003-28 to gather pressure data should have been undertaking the work necessary to submit that information on time. It appears, however, from the submission of the Gas Producers that little or no work has been commenced. If work had commenced then the request by the Gas Producers would only be for a delay in a portion of the work, rather than a request to delay all of the work. At this time a more appropriate application would have been to apply for a delay of only that portion of the pressure measurement program that for specific compelling reasons could not be undertaken within the original time limits. Requesting a delay of the entire program for reasons that could have reasonably been anticipated when the GB 2003-28 was released does nothing to further the progress necessary to understand and resolve this issue in a timely manner. A delay in the entire program is unjustified and inappropriate. At a minimum work should continue in a measured manner with results being provided to the Board as those measurements are completed so as to ensure that as much current information as possible can be integrated into the Regional Geological Study.
3. Cost – The Gas Producers suggest that the work will entail an unacceptable financial cost. The Gas Producers, however, ignore the fact that by seeking extensive exemptions for a substantial number of the identified wells they continue to generate revenue. They are apparently unwilling to utilize a portion of this revenue to resolve the outstanding concerns regarding pressure data requested by the Board. It seems logical that a portion of the funds arising from continuing production could be applied to off-set the cost of obtaining the information necessary to resolve outstanding concerns through the generation of an accurate and timely Regional Geological Study.

4. Elimination of Shut-In Well Tests - In addition to seeking to delay the pressure program by four (4) months the Gas Producers also seek to restrict testing only to producing wells. It is important to note that under GB 2003-28 the Board has only required the Gas Producers to test twenty-five percent (25%) of the affected wells. This therefore already represents a substantially reduced undertaking. To further reduce the undertaking to a smaller sample by eliminating shut-in wells is neither justified nor logical. There is no compelling argument presented for the elimination of pressure tests with respect to shut-in wells. Indeed, shut-in wells provide valuable and important information with respect to pressure equalization. In this regard the data gathered from shut-in wells is as important as the information gathered from producing wells and assists in more accurately comparing pressure response. Although the examples cited in the Gas Producers letter accentuate pools where there are few shut-in wells relative to producing wells, suggesting that eliminating these wells would have little effect, the fact is that approximately forty percent (40%) of the wells in the affected area are currently shut-in. These wells are significant both in terms of their number as well as the comparative information that they provide. The shut-in wells should be analyzed in the same manner as the producing wells, all of which have already been simply reduced to a one in four sample.

For these reasons Petro-Canada opposes the blanket application to delay pressure gathering for four (4) months and to eliminate shut-in wells as a significant source of important information.

Petro-Canada suggests that there are other potentially more cost effective alternatives that can be explored before delaying the program or eliminating important information that is necessary to complete an accurate Regional Geological Study. For example, the Gas Producers may consider the use of surface dead weight gauge readings instead of bottom hole pressure recorders in those areas where there is no current water production. This would reduce both the time required to take these tests and reduce the associated costs without unreasonably reducing the value of the data obtained. For example, we understand that there may be examples from the Liege area where this flexibility has already been granted in the past to Gas Operators. In addition, a more appropriate approach would be to delay some but not all of the pressure test obligations. It is important that accurate data be obtained on a timely basis and applied concurrently with the work being done on the Regional Geological Study. A delay in the completion of some of the pressure testing, but not all, would ensure that pressure information is incorporated into the regional study on a timely basis in order to enhance and verify the work that is being concurrently undertaken with respect to the geological interpretation. It may be appropriate for the Board to consider tying continuing gas production to the supply of pressure data. After the expiry of the November 1, 2003 response date

approvals for exempted wells could be rescinded and the wells would be shut-in until pressure data is provided. Once provided the exemption would be re-instated pending Phase 3. In this way the Gas Producers can evaluate the economic advantage of each well and design a pressure program that balances their economic needs with the AEUB requirement to provide pressure data.

Yours truly,

PETRO-CANADA

Scott R. Miller
Associate General Counsel

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